(e) what action is proposed to be taken to stop its malpractice?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): No amount of gold is allotted to ayurvedic medicine manufacturers out of the Government stocks of gold.

(b) to (e) Do not arise.

Misuse of Duty Exemption Certificate by Delhi based firm

1209. SHRI ASHIS SEN:
SHRI SUKOMAL SEN:
SHRI E. BALANANDAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Delhi based firm was caught recently, for misusing the Duty Exemption Entitlement Certificate Scheme meant to encourage exports by the Directorate of Revenue Intelligence;

(b) if so ,what are the details of the case; and

(c) what action has been taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (c) Yes, Sir. Directorate of Revenue Intelligence had seized 175 metric tonnes of zinc ingots valued at over Rs. 1 crore on 7-12-1991. Show cause notices have been issued to two firms, namely, M/s. Rajendar Brothers and M/s. N. S. Overseas and five other persons for misusing the Duty Exemption Entitlement Certificate Scheme with regard to duty free import of zinc ingots during 1991.

Conditional Loan to Cooperative Sugar Factories by Financial Institutions

1210. SHRIMATI CHANDRIKA ABHINANDAN JAIN: Will the Minister of FINANCE be pleased to state:

(a) whether Government of Maharashtra have approached the Central Government for prevailing upon the Central Financial Institutions while sanctioning loans to Cooperative Sugar Factories, for not insisting on execution of comprehensive default guarantee and undertaking from the State Government for timely payment of loan instalments and interest, making good the cash losses and shortfall, if any, in the financing of project till the loans are repaid in full by the Cooperative Sugar Factories; and

(b) if so, what is the reaction of Government thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Yes, Sir.

(b) It is considered particularly vital by the financial institutions to seek such guarantees from the State Government in respect of cooperative sugar factories on account of the following reasons:

(i) The State Government plays the role of a dominant promoter and has an effective say in the management of cooperative sugar units. In that capacity it is essential for the State Government to assure the institutions that it would make good the cash losses as well as the deficit in resources for completion of the project. The stipulation of such undertakings, which has hitherto been furnished by the Maharashtra Government as well as all other State Governments is considered essential for ensuring the operational and financial viability of such projects. In the case of private sector projects as well, the financial institutions have been obtaining similar undertaking from promoters.

(ii) The viability of new sugar projects is being determined based on the availability of the Central Government incentives which are required to be utilised exclusively